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ABSTRACT

Results of a followup legislative review of the operation of the University of Mississippi School of Dentistry are summarized. An initial 1982 evaluation of the dental school revealed numerous deficiencies in financial and operational management. Among other things, the 1982 report concluded the the dental school, the third smallest in the United States, is a high-cost institution that expends 58 percent more than the national average to educate its students and receives more state appropriated funds per Doctor of Dental Science equivalent than any other U.S. dental school. Of 54 recommendations that were reevaluated by the legislative committee, 47 had been addressed and acted upon by the school. Ten recommendations were not addressed because the institutions of higher learning contended that academic and curricular matters were not subject to legislative review. A brief overview is provided on actions taken by the dental school to improve in the following areas: organizational structure, institutional and educational structure, accounting procedures and related controls, selected areas of operation, and cost reduction and revenue increase measures. For 26 of the findings contained in the 1982 review, a chart outlines the recommendations to the dental school, and the actions taken by the school. (SW)

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The Mississippi Legislature

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FOLLOW-UP REVIEW OF THE 1982 ANALYSIS OF OPERATION, UNIVERSITY OF MISSISSIPPI SCHOOL OF DENTISTRY

July 31, 1984

In December 1982 PEER released a report on the operation of the University of Mississippi School of Dentistry which cited numerous deficiencies in financial and operational management practices at the school. Among other things, the 1982 report concluded that the University of Mississippi Dental School, the third smallest dental school in the nation, is a high-cost institution which expends 58 percent more than the national average to educate its students and receives more state appropriated funds per Doctor of Dental Science Equivalent than any other dental school in the United States. The report also contained appropriate recommendations for improvement.

A follow-up review of the 1982 report reveals that the School of Dentistry has made progress in correcting the deficiencies. However, the Board of Trustees, Institutions of Higher Learning (IHL) impaired follow-up efforts by its restrictions and refusal to discuss certain PEER recommendations that IHL maintained were inappropriate for legislative review.

HE 018 571

The PEER Committee

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FOLLOW-UP REVIEW OF THE 1982 ANALYSIS OF OPERATION, UNIVERSITY OF MISSISSIPPI SCHOOL OF DENTISTRY

July 31, 1984

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At its meeting of July 31, 1984, the PEER Committee authorized release of its report entitled Follow-Up Review of the 1982 Analysis of Operation, University of Mississippi School of Dentistry.

Bill Harpole

Senator Bill Harpole, Chairman

This report does not recommend increased funding or additional staff

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JOINT LEGISLATIVE COMMITTEE

ON PERFORMANCE EVALUATION

AND EXPENDITURE REVIEW

FOLLOW-UP REVIEW OF THE 1982 ANALYSIS OF OPERATION, UNIVERSITY OF MISSISSIPPI SCHOOL OF DENTISTRY

EXECUTIVE SUMMARY

In the fall of 1982 the PEER Committee released its report, An Analysis of the Operation of the University of Mississippi School of Dentistry, dated December 9, 1982. Among other things, the 1982 report concluded that the University of Mississippi Dental School, the third smallest dental school in the nation, is a high-cost institution which expends 58 percent more than the national average to educate its students and receives more state appropriated funds per Doctor of Dental Science Equivalent than any other dental school in the United States. (See Appendix A, page 7.)

The report contained approximately seventy-seven recommended measures for improving management practices and reducing costs at the Dental School (see Appendix B, page 9). Seventy-five of the suggested measures were appropriate for school action, and fifty-four of these were reviewed in terms of actions taken to implement recommendations of the 1982 report. Twenty-one recommendations were not addressed: eleven pertaining to the free care program are no longer relevant due to the program's termination, and the Board of Trustees, Institutions of Higher Learning (IHL) opposed the review of ten recommendations. IHL contends that those areas involve academic and curricular matters within its exclusive jurisdiction and are not subject to legislative review.

PEER does not challenge or question IHL's authority to direct and control academic and curricular matters, but it does not accept IHL's definition of privilege. Those contested areas labeled "academic and curricular" matters carry certain cost or efficiency implications that are well within the scope of legislative oversight. PEER chooses to discuss its legislative review functions with regard to IHL separately, rather than use additional time and manpower in pursuit of information IHL has refused to provide concerning 1982 recommendations.

The School of Dentistry has taken action on 87 percent (forty-seven of fifty-four) of the recommendations addressed in the follow-up review. The School maintains its original disagreement with five of the report recommendations pertaining to certain audio-visual equipment locations and inventory of auxiliary supply rooms. The school has taken no action on two recommendations involving the intramural private practice program.

* * * * * * * * * *

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INTRODUCTION

Authority

This follow-up review of PEER's 1982 analysis of the operation of the University of Mississippi School of Dentistry was conducted in accordance with the Mississippi Code of 1972, Annotated, Section 5-3-51. The PEER Committee formally authorized the review during its regular meeting on January 25, 1984.

Purpose and Objectives

The purpose of the follow-up review is to determine whether the School of Dentistry has taken action to correct deficiencies noted by PEER during its 1982 review of school operations. The objective is to review the findings and recommendations noted in the report, An Analysis of the Operation of the University of Mississippi School of Dentistry, December 9, 1982, and ascertain the steps taken, or planned, by the Dental School to correct the deficiencies noted in the PEER report.

Scope and Methodology

The scope of the follow-up review centered on all findings and recommendations of the 1982 report and actions taken by the Dental School with respect to those recommendations. During the course of this review, however, only those areas having no direct or indirect relationship to academic and curricular matters as defined by IHL were examined by PEER staff. IHL contends that academic and curricular matters are under the exclusive jurisdiction of that body and are not subject to legislative review. PEER disagrees with this position but chooses to discuss its legislative review functions separately rather than use additional time and manpower in pursuit of information IHL has refused to provide concerning 1982 recommendations.

The methodology consisted of a combination of inquiry, inspection, and verification of data where applicable and appropriate. Information and documents were provided by the Dental School and the University of Mississippi Medical Center (UMC) via IHL only on those areas approved for review by IHL. Areas absent from this report include recommendations pertaining to:

1. Organization;
2. Compensation of staff;
3. Out-of-state enrollment;
4. Clinic utilization;

5. Procedures pertaining to use of clinical practice evaluation forms;
6. Educational philosophy; and,
7. Utilization of dental chairs in clinics.

Items 3, 4, 6, and 7 above involve cost-saving/reduction measures recommended in the 1982 report.

OVERVIEW OF ACTIONS TAKEN ON RECOMMENDATIONS

The PEER report, An Analysis of the Operation of the University of Mississippi School of Dentistry, December 9, 1982, lists seventy-seven recommendations seventy-five of which are appropriate for Dental School actions (see Appendix B, page 9). The basic thrust of these suggested measures, when viewed collectively, is to offer suggestions to IHL and the Dental School on ways to improve the effectiveness of financial management practices and efficiency of operations at the University of Mississippi School of Dentistry. Of the seventy-five applicable recommendations, a follow-up review was conducted on fifty-four. The remaining twenty-one include eleven recommendations pertaining to patient free care, which has been eliminated, and are therefore no longer relevant. Ten recommendations were not addressed due to IHL's objections.

Of the fifty-four recommendations reviewed, PEER found that forty-seven (87 percent) have been addressed and acted upon by the school. No action has been taken on the remaining seven recommendations. Of this number, the school disagreed with five recommendations and their position remained unchanged during this follow-up review. Two recommendations on which the school took no action involved the intramural private practice program.

Organizational Structure

The PEER report of 1982 cited problems with the excessive span of control of the Dental School Dean. The report also stated that the compensation of the Dean and several assistant deans and department chairmen exceeded the median salary of their counterparts on a national level. A follow-up review of the recommendations in these two areas was not performed because IHL contends that the issues are academic and curricular matters under its jurisdiction and are not subject to legislative review.

Institutional and Educational Structure

Seven recomendations were proposed regarding the institutional and educational structure of the School of Dentistry. Of these, five were directed to the school, while two involving appropriations and spending for new programs were addressed to the Legislature. The five recommendations appropriate for school action include such steps as reducing costs and dependency on general funds, increasing tuition, studying clinic space utilization, transferring audio-visual equipment, and increasing enrollment.

A review of the school's operations since the 1982 report indicates that action has been taken on two of the five recommendations (i.e., reducing costs and dependency on general funds and increasing tuition). IHL objected to a review of two other recommendations pertaining to clinic space utilization and enrollment, stating that these are academic and curricular matters under the exclusive jurisdiction of IHL. Finally, no action was taken by the Dental School with respect to the equipment transfer since the school maintains its original objection to the recommendation, contending that the present arrangement best meets the academic requirements of the school.

Accounting Procedures and Related Controls

Thirty-seven of the seventy-five applicable recommendations (49 percent) in the 1982 report dealt with accounting procedures and related matters such as job descriptions; supply, equipment, and gold inventory; clinical practice evaluation forms, and patient credit criteria. The school has accepted and taken action on thirty-two of the thirty-seven recommendations.

The five recommendations upon which no action was taken include three recommendations pertaining to areas which IHL considers academic and curricular and not subject to legislative review: reorganizing the school's accounting structure and procedures pertaining to patient practice evaluation forms. The school maintains its original objections to two recommendations pertaining to the inventory of "auxiliary" supply rooms.

The 1982 PEER report made several recommendations relating to patient account records, eliminating unnecessary and duplicate accounts, and accounting for indirect income and interest income. The Dental School and UMC addressed and implemented most of the recommendations shown in the 1982 report. As a result, patient accounting activity is recorded in a more timely manner, unnecessary and duplicate accounts have been eliminated, and indirect income and interest income are recorded and reported in a fairer manner. While the Dental School has yet to develop written credit criteria for patients, it requires patients and students to adhere to written procedures prior to treatment.

Selected Areas of Operation

The budget preparation process of the School of Dentistry has been modified according to the recommendation made in the PEER report. Commodities budgets are based upon past expenditures and projected purchases to be made from the central supply area.

Recommendations presented in the initial report regarding patient free care administration have not been acted upon by the Dental School because free care is no longer available as a treatment alternative. Financial assistance with dental costs incurred by the patient is not presently offered.

Recommendations concerning the administration and monitoring of the intramural private practice plan have been predominately adopted by the Dental School. Presently, the Dental School requires that patient registration forms be prenumbered, initiated by the intramural practice accounts representatives, and recorded. Additionally, UMC's attorney has clarified the legal structure of the Dental School intramural private practice plan. The Dental School has required all operations of the program to be financed from the overhead fund, and has required authorization for the use of teaching clinics for private practice.

The Dental School has taken no action to require intramural private practice personnel to schedule all appointments for all participants or to assign the Plan Administrator's duties to an individual other than the Dental School Business Administrator. An annual audit of the intramural private practice program is conducted by the UMC Internal Auditing Department and reviewed by the Dean and the Plan Administrator.

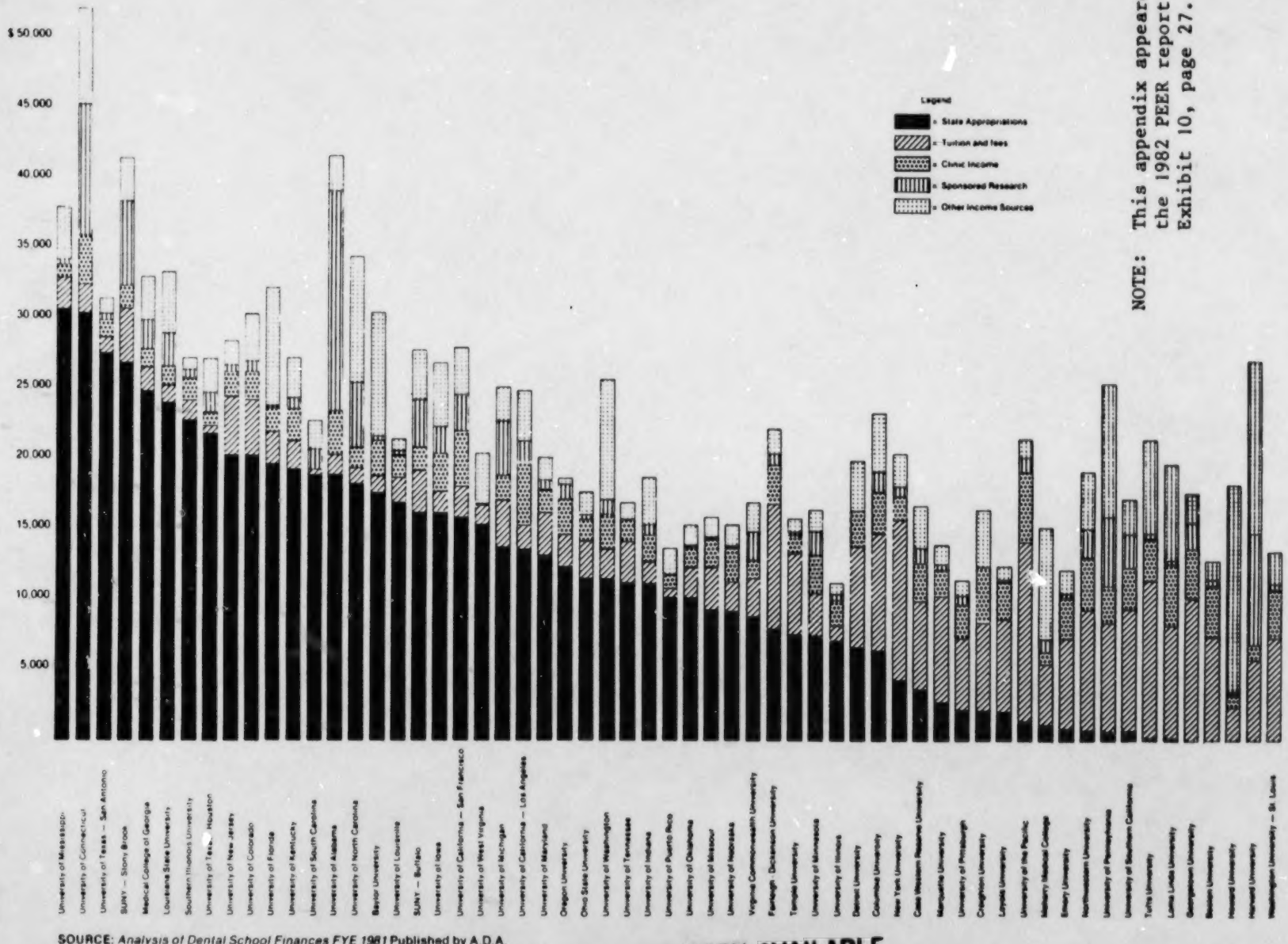
Cost Reduction and Revenue Increase Measures

The 1982 report contained eight recommendations for reducing cost and generating revenue. IHL objected to a review of three of these areas contending that they are academic and curricular matters under its exclusive jurisdiction. These three areas include changing to a traditional teaching method with blocked periods, increasing in-state enrollment and accepting out-of-state students, and disposing of excess dental chairs. The school rejects two recommendations regarding transfer of audio-visual equipment and the inventory of auxiliary supply rooms.

Two recommendations pertain to eliminating the general fund subsidy to the intramural private practice program, and increasing fees charged to patients by 5 percent. The follow-up review of these two areas revealed that the school has complied with these recommendations. Finally, the school is exploring the possibility of employing a private firm for the purpose of collecting delinquent patient accounts.

APPENDIX A

REVENUES PER DOCTOR OF DENTAL SCIENCE EQUIVALENT PER YEAR BY SOURCE FOR ALL UNITED STATES DENTAL SCHOOLS FY 1981



NOTE: This appendix appeared in the 1982 PEER report as Exhibit 10, page 27.

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SOURCE: *Analysis of Dental School Finances FYE 1981* Published by A.D.A.

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APPENDIX B

PEER 1982 REPORT FINDINGS, RECOMMENDATIONS, AND SUBSEQUENT ACTIONS INSTITUTED BY THE SCHOOL OF DENTISTRY[1]

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL[2]
School History and Organization Structure		
1. The Dean's twenty-person span of direct control tends to further management and operational problems, academic and administrative competition among department chairmen and directors, and duplication of effort. (pp. xi, 8-11)	1. The Dean should consider changing the position of Assistant Dean for Educational Programs and Research to an academic dean position with direct responsibility over the clinical and basic science department chairmen. This change would reduce the Dean's direct span of control to six positions. (pp. xi, 15)	1. Actions taken by the Dental School concerning this recommendation were not evaluated. IHL contends that the issue is an academic and curricular matter and as such is not subject to legislative review.
2. In FY 1982 the compensation of the school's Dean, assistant deans, and five of the eight department chairmen exceeded the median salary of their counterparts on a national level. (pp. 12-13)	2. The Vice Chancellor should limit future salary increases for the Dean, assistant deans, and department chairmen in an effort to establish salary levels which are more in line with the national averages instead of being above them, as they are at present. (p. 15)	2. Actions taken by the Dental School concerning this recommendation were not evaluated. IHL contends that the issue is an academic and curricular matter and as such is not subject to legislative review.
Institutional and Educational Structure		
3. The Mississippi Dental School ranks fifth in cost per student ($37,888 per DDSE) of all dental schools, public and private, in the nation. (pp. xi, 21)	3. The Dental School should reduce its costs and relatively high dependence on state general funds for its operation. (pp. xii, 40)	3. Dependency on state general funds has declined since FY 1981. The school's appropriations for FY 1985 reflect a 13.6 percent decrease in general fund appropriations over FY 1981. A comparison of general fund support with other dental schools in the nation cannot be determined due to unavailability of survey data reports. (NOTE: Tuition at the school has nearly doubled since the beginning of school year 1982-83.)
4. In FY 1981, the Dental School received more state appropriated funds per DDSE than any other Dental School in the nation: $30,613, 1 of 59. (pp. 26-28)		

[1]Page numbers following each finding and recommendation are keyed to the original PEER report, An Analysis of the Operation of the University of Mississippi School of Dentistry, dated December 9, 1982.

[2]Numbering of measures listed in "Actions Taken by Dental School" column corresponds to numbering of "Recommendations" column.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Institutional and Educational Structure		
5. In FY 1981, the Dental School ranked low nationwide in sponsored research revenue (43 of 59); tuition income (37 of 59); and clinic income (56 of 59). (pp. xii, 30)	4. The Dental School should generate more of its own funding and rely less on state appropriations. In an effort to do this, the school should consider future student tuition increases in an effort to make the student pay a proportionate share of his educational costs and should aggressively attempt to collect delinquent patient accounts receivable. (pp. xii, 40)	4. Tuition increased by $1,000, or 49 percent, during school year 1982-83; it rose from $2,038.60 to $3,038.60. The tuition is scheduled to increase by another $1,000 at the beginning of school year 1984-85. This is the second tuition increase since 1982, for a total of $2,000. The school is exploring the possibility of employing a private collection firm to handle delinquent patient accounts. In the interim, services are suspended to patients with delinquent accounts. UMC's collection service is not suitable for collecting the Dental School's delinquent accounts.
6. The Dental School inefficiently utilizes overall clinic space. During a given quarter, the Dental School has an estimated 59 clinical chairs which are not used, based upon an analysis of data supplied by the Dental School. (pp. xii, 32-36)	5. The Dental School should initiate a detailed and comprehensive clinic utilization study in an effort to more efficiently allocate space and utilize available resources. Present efforts in this area have resulted in better allocation of time, but little improvement in actual space and resource utilization. Consideration should be given to combining clinics and utilizing the newly created space for future dental school programs not requiring additional funding or current programs of other Medical Center departments. (pp. xiii, 40)	5. Actions taken by the Dental School concerning this recommendation were not evaluated. IHL contends that the issue is an academic and curricular matter and as such is not subject to legislative review.
7. The Dental School maintains a fully-equipped television production studio and a photographic laboratory independent of the UMC Learning Resources Division. (pp. xii, 37-38)	6. All Dental School television studio production equipment and photographic laboratory equipment and supplies should be transferred to the UMC Learning Resources Division, with the school maintaining only its closed circuit videotape system. If the school continues to have a need for a photographic laboratory for research purposes, the lab should be funded solely from research grants and not from state general funds. (pp. xiii, 40)	6. The school maintains its original objection to this PEER recommendation, contending that the present arrangement bears no relationship to cost and that it best meets the academic requirements of the school. Therefore, no action has been taken to transfer equipment.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Institutional and Educational Structure		
8. The Dental School is experiencing a decline in the number of dental student applications it receives. (pp. xii, 39)	7. In an effort to achieve maximum enrollment, the Dental School should consider expanding its applicant selection pool by accepting out-of-state students. (p. xiii)	7. Actions taken by the Dental School concerning this recommendation were not evaluated. IHL contends that the issue is an academic and curricular matter and as such is not subject to legislative review.
9. PEER analysis of the institutional and educational structure of the Dental School revealed no need for increased appropriations, expanded programs, or additional staffing. (pp. 16-40)	8. The Appropriations Committees of both houses of the Legislature should review this report and make substantial reductions in the Dental School's appropriation for FY 1984. (p. xiii)	8. Not Applicable.
	9. PEER does not recommend future spending of any funds for new or expanded Dental School programs or additional staffing. (p. xiii)	9. Not Applicable.
Accounting Procedures and Related Controls		
10. Problems with job descriptions, financial responsibilities, and the workflow of the accounting function include the following:	10. The Dean should request the UMC personnel office to analyze the job descriptions of all positions with financial responsibility in an effort to make them more consistent and compatible. (p. 42)	10. The School complied with this recommendation. Job descriptions of all positions with financial responsibility have been reviewed and revised to eliminate conflicting and duplicate assignments of duties and responsibilities.
A. When promoted in 1976, the present Business Administrator was minimally qualified for the position. At that time, the job description required the individual to have a B.A. degree and a minimum of two years of work experience. The present Business Administrator has a B.S. degree in Business Statistics and Data Processing with work experience as a UMC Computer Services employee. The current job description for the position requires a B.S. or B.A. degree in accounting with a minimum of two years' work experience in a related field. Current procedures for upgrading positions allow requirements to be changed but do not require that incumbents comply or take steps to comply with these new requirements. (pp. 41-42)		

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Accounting Procedures and Related Controls		
B. The job descriptions reviewed contain conflicting and duplicate assignments of major duties and responsibilities. According to the job descriptions, the Business Administrator is "administratively responsible for developing and maintaining equipment inventory controls for furniture and dental equipment for all departments in the school." The Assistant Dean for Clinical Programs also is responsible for "systems development, modification, and maintenance of dental equipment inventory system." (p. 42)		
C. Supervisory duties listed on the job descriptions conflict with the organizational structure. For example, intramural private practice clinic personnel performing accounting duties report to the Clinical Operations Manager rather than the Business Administrator. However, the Business Administrator's job description states that he is responsible for billing, collecting, and accounting for the intramural practice clinic. (p. 42)		
D. No one employee within the school, other than the Dean, has total responsibility for the school's financial management and accounting functions. These responsibilities are primarily shared by the Business Administrator and the Clinical Operations Manager. (pp. xiv, 42)	11. The Dean, with assistance from the Vice Chancellor for Business Affairs and the UMC Comptroller, should reorganize the school's accounting structure. The Business Administrator should be made solely responsible for the supervision and maintenance of the school's financial management and accounting functions. (pp. xv, 42)	11. Actions taken by the Dental School concerning this recommendation were not evaluated. IHL contends that the the issue is an academic and curricular matter and as such is not subject to legislative review.
11. Due to inadequate inventory and accounting procedures, the value of the Dental School's supply inventory at June 30, 1982, is materially understated by approximately $250,000. (pp. xiv, 57-58)	12. The Dean or Business Administrator should submit monthly entries reflecting purchases and disbursements of supplies to more fairly present interim inventory balances. (p. 58)	12. The School is making monthly entries reflecting purchases and disbursements of supplies to more accurately represent interim inventory balances as suggested.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Accounting Procedures and Related Controls		
	13. The Dean or Business Administrator should perform a physical observation of supplies inventory in auxiliary supply rooms and include the value of such inventory in total supplies inventory. (p. 58)	13. The school maintains its original position that "auxiliary" supply rooms do not exist. However, periodic inventory of central supply items is conducted. Most items on hand in the clinics are "expendable" and are monitored on a periodic basis; only a thirty-day supply is kept in the clinics.
	14. The Dean or Business Administrator should implement a periodic or perpetual accounting system for supplies inventory of auxiliary supply rooms to more fairly present monthly supplies inventory balances. (pp. xv, 59)	14. A periodic monitoring system has been implemented for clinical supplies.
	15. One authorized employee should have custody of and responsiblity for supplies in each auxiliary supply room, and access to these supplies should be restricted to that employee. (p. 59)	15. The school maintains its original position that "auxiliary" supply rooms do not exist. Also, its original rejection of this recommendation remains unchanged.
	16. All items on hand should be included in the supply inventory. (p. 59)	16. All nonexpendable items on hand are recorded on the supply inventory.
	17. The Dean should appoint an employee with no responsibilities for accounting for or custody of inventory to compare physical inventory values to recorded inventory balances. (p. 59)	17. This recommendation has been implemented. Inventories are conducted at the end of the fiscal year under supervision of UMC's Internal Audit Department and the State Department of Audit.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Accounting Procedures and Related Controls		
12. Due to inadequate accounting controls over gold, the value of gold inventory on hand was not recorded in the Dental School accounting records until June 30, 1981, six years after the school began classes. (pp xiv, 59-60)	18. All transactions affecting the inventory of gold, including purchases and disbursements, should be recorded in the accounting period in which they were executed and by a person without access to the actual gold. (p. 61)	18. This recommendation has been implemented. Transactions are being recorded in the appropriate accounting period.
	19. Proper internal controls over accounting for gold and physical access to gold should be implemented to ensure that all inventoriable quantities of gold are recorded in the financial records. (pp. xv, 61)	19. This recommendation has been implemented. Only a minimum amount of gold is issued to the clinical laboratory and is checked on a periodic basis. Proper internal controls exist.
	20. Comparison of results of physical inventory observations to recorded values of gold should be performed by an individual without custody of the actual gold and without authority to record transactions in the account for gold. (p. 61)	20. This recommendation has been implemented. Inventories are conducted at the end of the fiscal year under supervision of UMC's Internal Audit Department and the State Department of Audit.
13. Inadequate accounting and inventory procedures result in the inability to detect unrecorded or misappropriated equipment. (pp. xiv, 61-63)	21. The UMC Property Control Officer should initiate action to compile an accurate equipment inventory list which represents all equipment for which the Dental School should be held responsible. (pp. xv, 63-64)	21. The equipment inventory list has been updated and periodic inventories are being conducted. A preliminary report of a recent State Department of Audit inventory conducted January 24 - April 27, 1984, indicates that of 5,044 items on invertory, only thirty-six (valued at $21,000) could not be located. However, UMC's records show fifteen items were stolen, thus reducing the unlocated amount to twenty-one items at a value of $8,600.
14. Due to the lack of adequate credit and collection procedures, $127,998, or 70 percent of the Dental School's patient accounts receivable recorded as of June 30, 1982, is outstanding over 180 days and probably uncollectible. (pp. xiv, 64-67)	22. Patient accounting activity should be recorded in UMC financial records in the month in which such activity is executed. (p. 69)	22. The Dental School sends patient accounting data to the UMC accounting department every one or two days. UMC records the transactions and returns the patient accounting data in five to ten days.

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FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Accounting Procedures and Related Controls		
	23. The Dean or Business Administrator should approve all transactions to be recorded, and such approval should result in the recording of transactions in proper accounts. (p. 69)	23. Transactions are approved by the Business Administrator and the Assistant Dean of Clinical Programs. In addition, they review monthly reports which reflect a summary of the transactions.
	24. Duties for handling cash and patient accounts receivable forms and for maintaining accounting records for cash and accounts receivable should be clearly defined and effectively separated. (p. 69)	24. Accounts Representatives/Cashiers are responsible for handling cash in the clinics while Accounts Supervisors are responsible for maintaining accounting records.
	25. The Dental School should establish written credit criteria and extend credit only to patients who meet these established criteria. (pp. xv, 69)	25. The Dental School has written procedures regarding the method of approving patients for treatment by students; however, there are no written credit criteria as such. According to UMC officials, there is no cost-effective method of verifying that the patient's statements of credit worthiness are true since most patients either have no credit history or a bad history.
	26. The Dental School should utilize the UMC collection agency to aid in the collection of delinquent accounts. Returned statements should be reviewed to determine the accuracy of a patient's name and address. Patient accounts personnel should attempt to locate the patient and obtain a correct address. Accounts coded "unc" (uncollectible) should be clearly identified as such in the financial records. Patients whose accounts have been coded "unc" should not receive additional dental care until all outstanding balances have been paid in full. Patients who are unable to pay all outstanding balances should be recommended for free care for future treatment. Patients should be required to reestablish credit by meeting all credit standards before receiving any further dental care on a credit basis. (p. 69)	26. UMC's collection service is not suitable for handling the Dental School's delinquent accounts. The School is exploring the possibility of employing a private firm to handle delinquent patient accounts. In the interim, services are suspended to patients with delinquent accounts.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Accounting Procedures and Related Controls		
	27. The patient accounts supervisor should review the monthly agings of all accounts receivable to determine which accounts are current and delinquent. Delinquent accounts should be automatically transferred from the current patient accounts receivable account to an account for delinquent accounts receivable to more clearly present accounts receivable information in the financial reports. The Clinical Operations Manager should review delinquent accounts monthly to determine collectibility. Accounts outstanding over ninety days with no payment and any other accounts outstanding for long periods with poor payment history should be recorded in memoranda accounts. Patient accounts recorded in these memoranda accounts will remain a part of total accounts receivable through inclusion in the delinquent patient accounts receivable account. No patient whose account is included in this account should receive further dental care until all outstanding balances have been paid unless they are approved for free care. Patients who pay delinquent accounts should receive no additional dental care on credit until they regain credit privileges under established criteria. (p. 69)	27. UNC has contracted with a local CPA firm to review the detailed accounting methods being employed in this area and the Dental School is awaiting the results of the study.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Accounting Procedures and Related Controls		
	28. Patient registration forms should be prenumbered in sequential order and should be issued to specific student teams. A control log indicating issuance and return of registration forms by each team should be maintained and reviewed periodically for missing form numbers. Students should refer to an accounts receivable listing to obtain a patient's account number and credit status prior to performing any treatment. Students should administer treatment only after informing the patient of fees to be charged and payment terms. Patients ineligible for credit should be instructed to pay the cashier. (p. 70)	28. Patient registration forms are prenumbered in sequential order and a control log is maintained indicating issuance and return of registration forms. When all forms have been returned, the data is then forwarded to the UMC accounting department for entry.
	29. Clinical Practice Evaluation forms should be reconciled with patient registration forms to provide consistent source information for preparation of various reports. These forms should be combined and prenumbered with specific sequences assigned to each team. Patient accounts personnel should maintain a control log of sequences assigned and completed forms submitted. Students should return any void forms to patient accounts personnel. Patient accounts personnel should review the control log periodically to ensure that no forms are unaccounted for. Students should use the "99-Miscellaneous" code only to record consultations and observations performed at no charge. Students should use new added procedure codes to record follow-up visits. Built-in computer edit procedures should prohibit processing any forms including procedures coded to "other" which do not include a brief description of the actual procedures. (p. 70)	29. Actions taken by the Dental School concerning respect this recommendation were not evaluated. IHL contends that the issue is an academic and curricular matter and as such is not subject to legislative review.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Accounting Procedures and Related Controls		
15. Lack of proper controls over cash receipts in Dental Clinic 8 may result in the failure to detect misappropriated or unrecorded cash receipts. (p. 70)	30-37. The recommendations listed in the patient accounting section (see recommendations 22-29 above) also address the weaknesses in Dental Clinic 8. (p. 71)	30-37. Actions taken in numbers 22-29 above also apply to Dental Clinic 8.
16. Poor procedures for refunding student instrument deposits and collecting assessments for instrument damages result in a lack of assurance that all assessments are collected and properly recorded. (p. 71)	38. Assessments for damaged and lost instruments should be processed through the UMC Accounting Department. The Accounting Department should prepare refund checks payable to the students for the net amount of their deposit less assessments and submit the related check register to the Dental School accountant. The accountant should then compare copies of assessments to the check register of deposit refunds processed by the UMC Accounting Department and verify its accuracy. Upon receiving approval from the Dental School accountant, the Accounting Department should mail the refund checks directly to the students. (pp. 72-73)	38. The Dental School Business Administrator obtains records from the various clinics describing instruments that students have lost or broken. The Business Administrator forwards this information to the UMC Bursar's office. The Bursar deducts charges from the students' deposits and issues checks to the students in the amount of their deposits less assessments.
17. UMC procedures for accounting for certain grant income for indirect expenses result in an understatement of Dental School grant income. (p. 73)	39. The UMC Accounting Department should eliminiate the reserve for contingencies reduction in income from indirect costs to more fairly present the financial statements. Any reserves for contingencies which do not meet the aforementioned criteria should be reclassifications of unallocated fund balance. (p. 74)	39. The UMC Accounting Department has eliminated the reserve for contingencies.
	40. The Accounting Department and Dental School should record as income the total amount received for indirect costs. Any adjustments should be recorded separately to more clearly present total income and reductions in income. (p. 74)	40. The UMC Accounting Department records as income the total amount received for indirect costs.
18. Current UMC accounting procedures distort interest income earned by Dental School investments. (p. 74)	41. The Dental School Dean or the Business Administrator should review monthly investments and interest income to determine reasonableness of reported amounts and equity of distribution of income. (p. 75)	41. The Business Administrator reviews investments and interest income on a monthly basis.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Accounting Procedures and Related Controls		
	42. The UMC Comptroller's office should record earnings on silver savings as interest income rather than as an offset to an expense account to more fairly present income and expenditures in the financial statements. (p. 75)	42. The UMC Comptroller's office has implemented a computer program that calculates earnings on silver savings accounts and this amount is recorded as interest income.
19. UMC accounting procedures for allocating service area expenses misstate total Dental School expenditures and total income for indirect expenses. (p. 75)	43-44. The recommendations listed in the interest income section (see recommendations 41-42 above) also address the weaknesses stated for allocating service area expenses.	43-44. Actions taken in numbers 41-42 above also apply to allocating service area expenses.
20. During FY 1982, the Dental School unnecessarily maintained two concession receipts accounts. (p. 75)	45. Only the Dean or the Business Administrator should be authorized to open accounts. (p. 76)	45. The Dean or the Business Administrator can request that accounts be opened; however, the UMC Accounting Department has the ultimate authority to approve or disapprove the request.
	46. The Dean or the Business Administrator should request that the UMC Accounting Department close all duplicate and unused accounts. (p. 76)	46. All duplicate and unused accounts have been closed.
21. The Dental School appears to be "double budgeting" in at least one budget category. (p. xv)	47. The Dental School should modify its budgeting practices for its commodities category by basing all future requests on actual usage. The school also should consider budgeting for supplies only through the central and and preclinical supply rooms. (p. xvi)	47. Action has been taken by the Dental School to avoid duplication in the budgeting of commodities. All commodities are presently budgeted according to past expenditures and projected purchases to be made from the Central Supply area. Preclinical supply rooms no longer exist.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Selected Areas of Operation		
22. Problems in Free Care Administration:		
A. The lack of objective criteria for selecting free care recipients and the poor documentation of decisions result in the inability to substantiate the free care treatment provided by the Dental School. (p. xvi)	48. The Dental School Patient Accounts Subcommittee should establish detailed criteria for free care treatment and fully and consistently document any decisions relative to free care. (p. xvi)	48-58. Not applicable. Actions recommended under this topic (recommendations 48-58) cannot be addressed in the follow-up review due to the nonexistence of patient free care within the Dental School. Free care is presently not offered as a treatment alternative by the Dental School.
B. Inadequate procedures for evaluating patient needs for financial assistance may prevent certain patients from receiving needed aid. (p. 88)	49. Only students should initiate requests for financial assistance for their patients. (p. 91)	
C. The policy of granting financial assistance retroactively rather than for proposed treatment results in the distortion of reported services and accounts receivable. (p. 88)	50. Students should use an objective matrix to analyze the patient's financial information to determine whether the patients are eligible for financial assistance. (p. 91)	
D. The lack of adherence to the policy requiring that students initiate requests for financial assistance allows subcommittee members to both initiate and resolve requests for financial aid. (p. 89)	51. For each patient considered eligible for free care, students should verify patient name, address, and place of employment, if any. (p. 91)	
E. The lack of use of objective criteria as the basis for subcommittee decisions on requests for financial assistance results in inequitable decisions for similar cases. (pp. 89-90)	52. The subcommittee should file patient account information forms, financial information forms, dental records, and documentation of any educational need in treating the patient before taking any action regarding each request for financial assistance. The files should also include the costs, fees, and other relevant data for all alternative treatment plans under consideration. (p. 91)	
F. The lack of documentation of subjective data supporting subcommittee decisions prohibits comparison of decisions regarding similar requests for financial aid. (p. 90)	53. The subcommittee should elect a secretary who records minutes detailing members present, discussions, and decisions regarding requests for financial information. (p. 91)	
	54. The subcommittee should quantify and document the various needs related to each case under consideration. These quantified needs should support the subcommittee's decisions. (p. 93)	

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Selected Areas of Operation		
G. The lack of documentation of patient financial information results in the inability to ascertain that the review of properly completed financial information forms precedes all subcommittee decisions. (p. 90)	55. The subcommittee should clearly document each decision, including total amount included, all treatment included, estimated time frame for completion of treatment, all terms of installment payment plans, and reasons supporting the decision. (p. 93)	
H. The lack of complete documentation of financial assistance provided prevents reconciliation of accounting records to subcommittee decisions and records. (p. 91)	56. The subcommittee should make decisions regarding financial assistance requests only if all three members or designated alternate members of the subcommittee attend the meeting. (p. 93)	
	57. The subcommittee chairman should review monthly entries to free care expense and compare the entries to subcommittee decisions to determine propriety of accounting for free care. (p. 93)	
	58. Patient Accounts Department personnel should segregate and monitor accounts for patients receiving financial assistance to ensure that treatment is accounted for in accordance with subcommittee decisions. (p. 93)	
23. Due to the absence of effective monitoring controls, the activities and accounting functions of the Dental School's Intramural Private Practice Clinic cannot be properly supervised. (p. xvi)	59. The Dean should carefully review and implement all recommendations set forth in the April 22, 1980, memorandum (as outlined on pages 99-102 of this report). (p. 105)	59. All recommendations contained in the April 22, 1980, memorandum have been reviewed and actions are being taken where deemed appropriate.
	60. The Dean, in conjunction with the UMC attorney, should clarify the legal structure and authorities of the intramural practice plan. (p. 105)	60. The legal structure and authority of the intramural private practice plan matter has been clarified by the UMC attorney.

FINDINGS Selected Areas of Operation	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
	61. Intramural clinic personnel should schedule all appointments for all participants and maintain detailed appointment books. (p. 105)	61. No action has been taken to require intramural practice (IP) clinic personnel to schedule all appointments for all participants. The reason is said to be due to personnel constraints in the IP area. IP personnel do keep an appointment book in which all appointments are recorded when a patient arrives for treatment.
	62. Overhead funds withheld from participants' monthly collections should finance all operations of the intramural practice program including salaries of all personnel who perform any work for the intramural operations. (p. 105)	62. Action was taken to require that all operations of the IP program be financed from overhead funds withheld from participants' monthly collections. Salaries of all persons who perform work for IP operations are presently paid from the overhead fund.
	63. Participants should not be allowed to treat private patients in Dental School teaching clinics without the express consent of the Dean or the Plan Administrator, whoever has authority to record and monitor the use of the intramural clinic. (p. 105)	63. Action was taken to require use of teaching clinics for private practice purposes to be authorized by the Dean. School policy requires that no private patient treatment in teaching clinics is allowed without permission unless an emergency case arises when no IP clinics are available.
	64. Participants should only use supplies from the intramural clinic supply room for treating private patients. The dental assistant responsible for maintaining supplies should record all receipts and disbursements of supplies in detailed inventory records. (p. 105)	64. Supplies used from the central supply room are charged to the overhead account.

FINDINGS Selected Areas of Operation	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
	65. Personnel employed by the intramural practice program should be paid through the overhead fund and be responsible for all operations and accounting for intramural practice. No Dental School employees should participate in recording and maintaining accounting records or other operations of the clinic. (p. 105)	65. Action was taken to require that all operations of the IP program be financed from overhead funds withheld from participants' monthly collections. Salaries of all persons who perform work for IP operations are presently paid from the overhead fund.
	66. The Dean and Plan Administrator should be responsible for enforcing the provision for a detailed annual audit of the intramural operations. The auditors should prepare a detailed report of their findings for distribution to the Dean, the Plan Administrator, the Advisory Committee, and the Business Administrator. (p. 105)	66. IP audits are conducted annually by the UMC internal auditing department. When problems with a participant arise from the audit, appropriate action is taken by the Plan Administrator and the Dean to rectify the practitioner's account.
	67. The Dental School Business Administrator should not serve as the Plan Administrator. The Business Administrator should be responsible for reviewing the reports of the participant's income to ensure that the Dental School receives its share of any earnings in excess of the participant's base salary. (p. 105)	67. No action has been taken to assign IP Plan Administrator duties to an individual other than the Dental School Business Administrator. The Business Administrator presently serves in the capacity of Plan Administrator and periodically receives and reviews reports of IP participants' income.
	68. Prenumbered patient registration forms should be issued to each participant. The issuance of blank forms and receipt of completed forms should be recorded in a log which is reviewed periodically for missing forms. (p. 105)	68. Action has been taken to require the prenumbering and issuance of patient registration forms to IP participants. Patient registration forms are presently prenumbered in sequential order and the the participant's name and name of patient are recorded on a sign-out list by IP clerical personnel.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Selected Areas of Operation		
	69. The Vice Chancellor and Dean, with the approval of the Board of Trustees of State Institutions of Higher Learning, should carefully review the Dental School Intramural Private Practice Plan for faculty members and implement controls which would allow effective monitoring of operations and participants. (p. xvi)	69. Various aspects of the intramural private practice plan have been addressed. Periodic review and monitoring duties are presently exercised by the Plan Administrator, Assistant Dean of Clinical Programs, and the Dean.
Recommended Cost Reductions and Revenue Increases		
24. The 1982 report recommended several continuous cost reduction measures. (pp. xvii, 109-10)	70. Consider changing to a traditional departmental framework with blocked clinic periods and save $21,067 in personal services expenditures. (pp. xvii, 107-8)	70. Actions taken by the Dental School concerning this recommendation were not evaluated. IHL contends that the issue is an academic and curricular matter and as such is not subject to legisla- review.
	71. Transfer the equipment and operational responsibility for the school's photography laboratory and television production studio to the UMC Learning Resources Division and save $40,149 in commodities. (pp. xvii, 109)	71. The school maintains its original objection to the PEER recommendation, contending that the present arrangements bears no relationship to cost and that it best meets the academic requirements. Therefore, no action has been taken to transfer equipment.
	72. Eliminate the general fund subsidy to the intramural private practice program, and save $31,105 in personal services. (pp. xvii, 110)	72. Action has been taken to eliminate the general fund subsidy to the intramural private practice program by requiring that all personnel employed in the operations of the program be paid from the intramural practice overhead fund.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Recommended Cost Reductions and Revenue Increases		
25. The 1982 report recommended several continuous revenue increase measures. (pp. xvii-xviii, 111-13)	73. Increase enrollment by ten in-state and twenty out-of-state students to the maximum capacity of 200 students (using the tuition rate in effect for the 1982-83 academic year), and collect $211,140 in student fees. (pp. xvii, 111)	73. Actions taken by the Dental School concerning this recommendation were not evaluated. IHL contends that the issue is an academic and curricular matter and as such is not subject to legislative review.
	74. Increase fees charged to patients for dental services by 5 percent, and collect $9,204 in clinic fees. (pp. xviii, 112)	74. Fees were increased by 5 percent on July 1, 1982 and by 10 percent on July 1, 1983; they will be raised again on July 1, 1984, by 8.4 percent.
	75. Aggressively collect patient accounts with a minimum collection rate of 85 percent, and collect $26,463 in clinic fees. (pp. xviii, 113)	75. UMC's collection service is not suitable for handling the Dental School's delinquent accounts. The School is exploring the possibility of employing a private firm to handle delinquent patient accounts. In the interim, services are suspended to patients with delinquent accounts.
26. The 1982 report recommended a one-time disposal of excess supplies and equipment. (pp. xviii, 114-15)	76. Dispose of sixty-eight excess dental chairs, and collect $91,168 in "other income." (pp. xviii, 114)	76. Actions taken by the Dental School concerning this recommendation were not evaluated. IHL contends that the issue is an academic and curricular matter and as such is not subject to legislative review.

FINDINGS	RECOMMENDATIONS	ACTIONS TAKEN BY DENTAL SCHOOL
Recommended Cost Reductions and Revenue Increases		
	77. Utilization of dental supplies on hand in auxiliary clinical supply rooms and save $249,092 in commodities expenditures. (pp. xviii, 115)	77. The School's position is that "auxiliary" supply rooms do not exist, most items in the various clinics are "expendable" in nature and not subject to inventory, and that the savings projected included non-expendable items. The School maintains only a thirty-day supply of items in the clinics.

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Office of the
Executive Secretary and Director

July 24, 1984

Mr. General Neasman
Joint Committee on Performance
Evaluation and Expenditure
Review
P. O. Box 1204
Jackson, MS 39205

Dear Mr. Neasman:

Enclosed is the PEER Committee's "Appendix A--PEER 1982 Findings, Recommendations and Subsequent Actions Instituted by the School of Dentistry" and a letter from Dr. Norman C. Nelson proposing three minor changes.

Thank you for your cooperation.

Sincerely yours,

E. E. Thrash
Executive Secretary and Director

EET:rp

Enclosures

Copy: Dr. Norman C. Nelson

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July 24, 1984

Mr. General Neasman
Joint Committee on Performance Evaluation
and Expenditure Review
P. O. Box 1204
Jackson, Mississippi 39205

Dear Mr. Neasman:

Thank you for giving us the opportunity to review "Appendix PEER 1982 Findings, Recommendations and Subsequent Actions Instituted by the School of Dentistry." We have read the document carefully and propose only three minor corrections. They are as follows:

1. In Action 13, the last word clinic should be changed to clinics since the reference is to all our clinics.

2. Action 17 would be more technically correct if it read like Action 20: "Inventories are conducted at the end of the fiscal year under supervision of UMC's Internal Audit Department and the State Department of Audit."

3. Action 21 - Our latest inventory figures show that there are only three items valued at more than $300.00 listed as "not located." Their dollar value is $1,849.07.

Thank you again for the opportunity to review the report. We continue to find your committee recommendations and suggestions enormously helpful. I deeply appreciate the thoughtful and constructive way in which you have gone about your task.

Sincerely,

Norman C. Nelson

Norman C. Nelson, M.D.
Vice Chancellor
for Health Affairs

7-24-84

NCN:ct